

**October 8, 2008** 

Bureau of Near Eastern Affairs
US Department of State

**Unclassified** 

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**HIGHLIGHTS** 

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### **HIGHLIGHTS**



 U.S. Surpasses Goal for Admitting Iraqi Refugees and Increases Aid (POLITICAL, page 4).

• Twenty Weapons Caches Seized in Abu Ghuraib (SECURITY, page 7).

• Dana Gas and Crescent Petroleum Begin Gas Production (ECONOMIC, page 12).

• Crown Prince Sheikh Mohammed bin Zayed al-Nahayan paid an unannounced visit to Iraq on October 7 (DIPLOMATIC, page 22).

# **POLITICAL - Governance & Legislation**



### U.S. Surpasses Goal for Admitting Iraqi Refugees and Increases Aid:

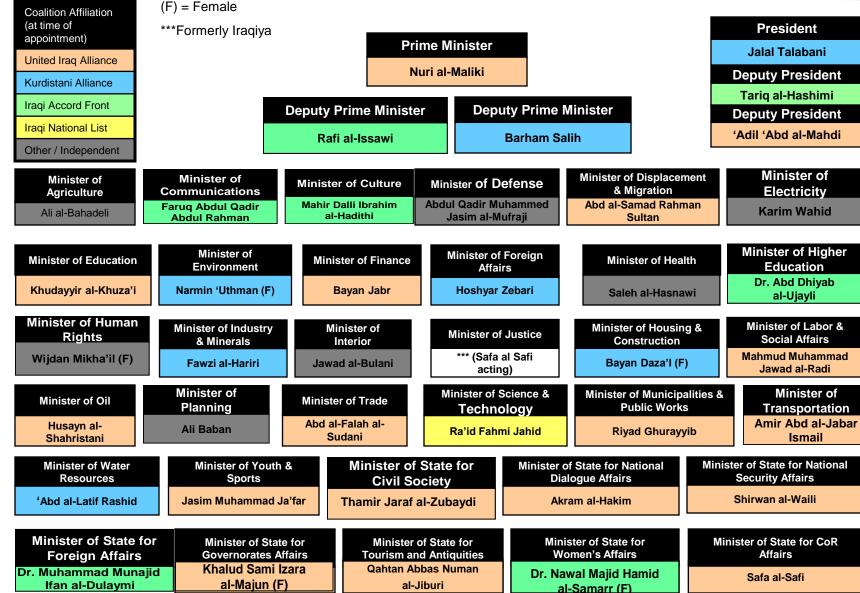
• The U.S. government admitted 13,823 Iraqi refugees in FY08, exceeding its goal of 12,000, and seeks to admit at least 17,000 Iraqi refugees in FY09. The U.S. contributed \$398.27 million towards humanitarian assistance programs for displaced Iraqis, more than doubling the \$171 million spent in FY07.

### Minority Representation and Provincial Elections:

 Members of Iraq's minority ethnic and religious communities are pushing the government to reinstate provisions for minority quotas within the Provincial Elections Law. The Council of Representatives passed the law on September 24 and the Presidency Council signed the law on October 7. The Council of Representatives is examining mechanisms to subsequently amend the law to include language addressing minority representation.

# **POLITICAL – Government of Iraq**





# **POLITICAL – Key Legislation and Refugee Update**



#### **Legislative Process**

Council of Ministers (CoM)

Shura Council

Council of Representatives (CoR)

Debate after 2<sup>nd</sup> Reading, Vote after 3<sup>rd</sup> Reading, and Committee Reports Throughout

Presidency Council

Official Gazette

Provincial Elections PASSED: The CoR passed the law on September 24 and the Presidency Council

signed the law on October 7. The law must be published in the Official Gazette to enter into force. The CoR is considering mechanisms to amend the law to include

provisions for minorities.

Hydrocarbons Package The level of control allocated to the central government in the July 2007 draft

version of the Framework Law (currently in CoR Committee) is the key point of disagreement; there may be more progress on the Revenue Management

Law, currently with the Shura Council, in the coming months.

Amnesty Law PASSED: CoR approved the law on February 13; the law was signed by the

Presidency Council February 26 and was implemented March 2.

Pensions Amendment PASSED: Published in the Official Gazette December 2007.

De-Ba'athification PASSED: Approved by default by the Presidency Council February 2008.

Reform Published in the Official Gazette in mid-February.

Provincial Powers PASSED: CoR approved the law on February 13; the law was vetoed by the

Presidency Council February 26. The veto was rescinded on March 19, allowing

the law to take effect.

**Refugee Update** 

- Refugees in the region: 2-2.4 million
- Internally displaced persons in Iraq: 2.7 million
- The U.S. admitted 13,823 Iraqi refugees in FY08 (which ended October 1).
- The U.S. seeks to admit 17,00 Iraqi refugees in FY09.

# **SECURITY - Situation Update**



### Twenty Weapons Caches Seized in Abu Ghuraib:

Soldiers from the Iraqi Army and the Multi-National Division—Baghdad (MND-B) conducted a joint clearance operation October 4 in the Abu Ghuraib district west of Baghdad. The operation netted 20 weapons caches that included more than 1,700 mortar rounds, 503 mortar fuses, three rocket launchers, various rockets, homemade explosives, an IED, various types of small arms ammunition, and nine SA-7 heat-seeking / shoulder-fired antiaircraft missiles. The commander of the Coalition Forces involved in the raid said the seizure "significantly erodes the enemy's capability to do harm to us, the Iraqi Army, and the people in the area."

### <u>Insurgency Fractured in Northern Iraq:</u>

 Multi-National Division-North (MND-N) Commander Major General Mark Hertling claimed the 60% drop in violence in northern Iraq during the past year was evidence that the insurgency in the region is broken. Major General Hertling cautioned, however, that security gains remain tenuous as the insurgency remains "capable and lethal" and reliant on "intimidation to garner support."

# **SECURITY – Security Transition**



### <u>Iraq Border Enforcement Course Graduates 1,538 Officers:</u>

• Iraq's Ministry of Interior Division of Border Enforcement graduated 1,538 Border Police from five different training academies across the country in September, marking one of the highest monthly graduation totals of the year. Iraq's goal is to have approximately 45,500 Border Police by the end of 2009.

### Joint Staff College Graduates 64 Officers:

• The Iraqi Joint Staff College (JSC) in Ar Rustamiyah, Baghdad, graduated 64 officers during a ceremony attended by the Chief of Iraqi Joint Forces and the Commanding General of the NATO Training Mission- Iraq (NTM-I). Re-opened in 2005 as a joint effort between NTM-I and the Iraqi Ministry of Defense, the JSC staff provide mentoring and advice to students throughout their eleven-month course. The curriculum includes human rights and international law, military leadership, staff procedures, international relations, and security co-operation for Iraq's service branches.

# **SECURITY – Security Transition**



### <u>Armenia Ends Iraq Mission:</u>

A ceremony acknowledging the contributions of the 8<sup>th</sup> Armenian contingent to Iraq was held at Camp Victory, Iraq, October 6. The ceremony marked the end of Armenia's troop deployments to Iraq, during which the Armenians rotated 380 troops for transportation, engineering, and medical operations. Since January 2005, the Armenians conducted over 60 convoys and removed more than 9,000 pieces of unexploded ordinance. Additionally, the Armenian medical component performed hundreds of surgeries and gave ambulatory healthcare to over 450 military personnel and 700 civilians.

### Polish Army Completes Iraq Mission:

Polish forces marked the end of their military participation in Iraq with an official ceremony at Camp Echo in Qadisiyah province October 4. The Polish army commanded Multi-National Division – Center South (MND- CS), which operated throughout Qadisiyah province. Polish forces completed ten rotations in Iraq and commanded contingents from ten different countries. During their deployments, Polish soldiers destroyed more than 18 million pieces of munitions, manned 42,000 checkpoints, and conducted more than 70,000 patrols and convoys. Additionally, Polish forces conducted more than 22,000 humanitarian and civil assistance projects. The remaining 900 Polish soldiers are expected to redeploy by the end of October.

# **SECURITY - Iraqi Security Forces**



Iraq Security Forces as of August 31, 2008 <sup>a</sup>								
Component	Current Authorized Assigned Personnel Personnel		Total Trained Personnel to date					
Ministry of Interior (Mol) Forces <sup>e</sup>								
Iraqi Police Service <sup>f</sup>	330,880	298,369	196,781					
National Police <sup>g</sup>	46,707	41,829	52,382					
Border Enforcement	47,750	41,408	34,475					
Total Mol	425,337	381,606	283,638					
Ministry of Defense (MoD) Forces <sup>n</sup>								
Army	170,512	183,756	228,737					
Support Forces	15,583	19,896	21,144					
Air Force	3,433	1,971	2,548					
Navy	2,708	1,907	1,494					
Total MoD	192,236	207,530	253,923					
Counter Terrorism Bureau								
Special Operations <sup>j</sup>	4,733	4,043	4,564					
Total Iraqi Security Forces	622,306	593,179	542,125					

<sup>\*\*</sup>The decrease in authorized MoD forces from the April 30 Weekly Status Report with ISF data as of March 31 reflects a change in a temporary GOI policy to increase front line units to 120% of authorized end strength to maintain present-for-duty totals at 100% while soldiers took leave. This change will make ISF reporting consistent with standard military personnel accounting practices in other countries and provide a clearer representation of ISF manning levels.

- a. Numbers do not include ministry staffs.
- b. Numbers reflect Government of Iraq (GOI) authorizations.
- c. Numbers are based upon GOI payroll data and do not reflect present for duty totals.
- d. Numbers reflect total Iraqi Security Forces (ISF) personnel trained to date, some of which are no longer assigned due to casualties, AWOL, and normal separation.
- e. Mol strength excludes other services within Ministry Of Interior (MOI), including the MOI HQ, MOI Forensics, Facility Protection Services, and contracted guards.
- f. The Iraqi Police Service consists of all provincial police forces (station, patrol, traffic, and special units) assigned to all 18 Iraqi provinces.
- g. Includes the national Emergency Response Unit.
- h. The Ministry Of Defense (MOD) authorized numbers are derived from Modified Tables of Organization and Equipment (MTOEs).
- i. The MoD Army Training and Support Forces include logistics units and training center cadre.
- . Does not include personnel assigned to Counterterrorism Bureau (CTB) or Counterterrorism Command (CTC) headquarters.

# **ECONOMIC – Economic & Government Capacity Update**



### Ministry of Electricity Awards \$8 Billion in Contracts:

 Karim Wahid, Iraq's Minister of Electricity, announced that the Ministry of Electricity had signed deals with GE, Siemens, and several other Western firms to construct power plants. The deals, which total \$8 billion, will add an additional 11,000 megawatts to the Iraqi electricity grid. GE was awarded the largest contract to build plants capable of producing 6,800 MW, while Siemens was given a contract for 2,000 MW.

### Minister of Oil Speaks about Oil Prices and Its Budgetary Effects:

• Iraq's Minister of Oil Hussain al-Shahristani voiced his concern about the volatility in the oil market and its impacts on Iraq's budget. The minister said oil priced at \$100 per barrel would be considered a "fair" price for Iraq as any price below that puts budgetary pressure on Iraq and other countries which require large budgets to fund reconstruction. Speaking as a member of OPEC, Shahristani said, "We in OPEC are committed to a policy of providing crude depending on the need of the market. If that falls, we should curtail production -- we will not allow production to exceed demand in a way that would negatively affect crude prices. Also if demand increases, we will increase production to provide enough in the market.".

### **ECONOMIC - Oil**



### **Crude Oil Update:**

Price averages in world markets closed with the following prices:

Basrah Light at \$86.16/barrel

Dated Brent at \$92.31/barrel

WTI Cushing at \$96.68/barrel

Oman/Dubai at 90.38/barrel

Revenue estimates:

2006: \$31.3 Billion

2007: \$41.0 Billion

2008: \$54.6 Billion (ytd)

### Dana Gas and Crescent Petroleum Begin Gas Production:

 Emirati-based Dana Gas and Crescent Petroleum, both of which are headed by Iraqi-born Hamid Jafar, began gas production at the Khor Mor field in the KRG on October 4, with gas reportedly flowing at 75 million cubic feet per day (cfd). Supply is expected to rise to 300 million cfd by the first half of 2009 and will be used to power new electricity plants located near Erbil and Sulaimaniya which together will generate approximately 1,250 megawatts, though this could be delayed if the power plants are not built on schedule. Crescent has a 20.4% ownership in Dana Gas

### **ECONOMIC - Oil**



# Oil Export Declines in September:

 According to a Reuters' survey of OPEC production, oil supply from Iraq declined in September due to an increase in domestic demand combined with a slowdown in oil exports. Supply decreased by 90,000 barrels per day (bdp) to 2.1 million bpd.

# ECONOMIC – Essential Services

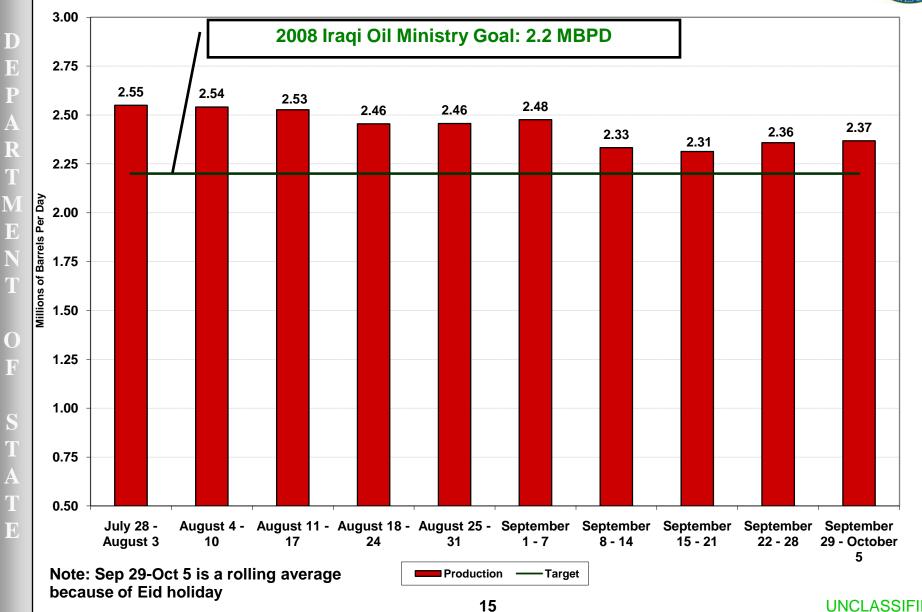


### Contract for Residential Project in Karbala Awarded:

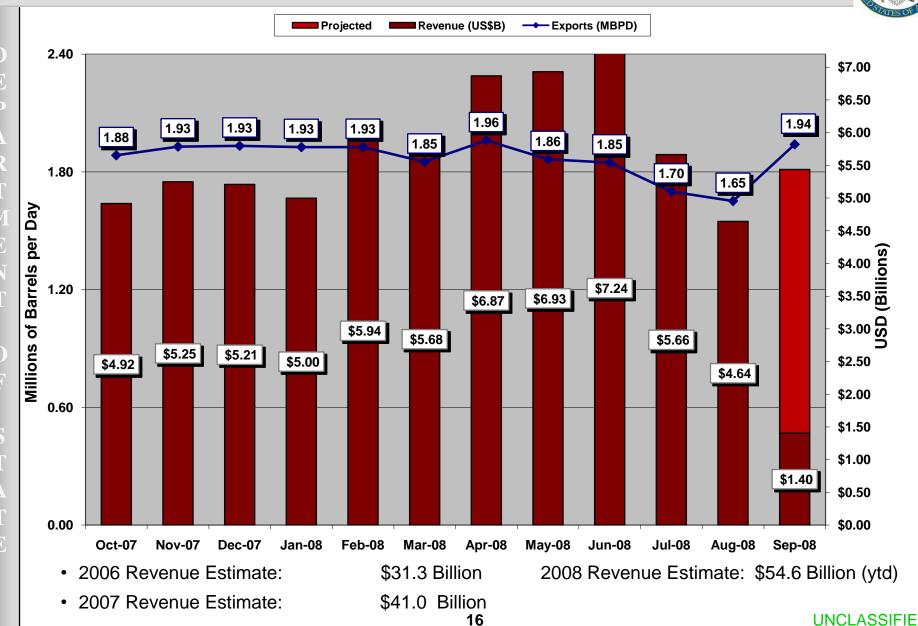
 The head of the investment committee in Karbala announced that one local and one Turkish company were awarded a \$248 million contract for the biggest residential project in the province. The project will add 5,000 new residential units as well as the necessary services to accommodate the new housing units.

# **ECONOMIC – Crude Oil Production**

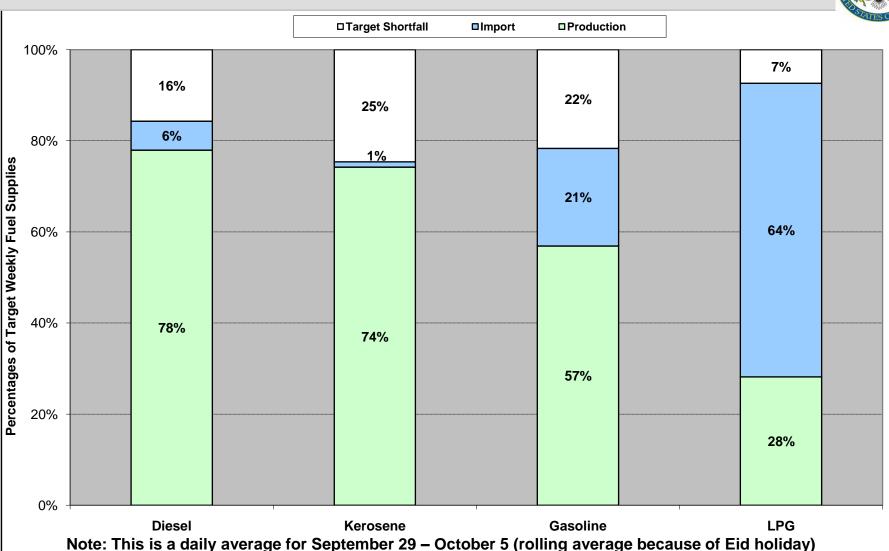




# **ECONOMIC - Crude Oil Export**



# **ECONOMIC – Total Critical Refined Product Supplies**



• Diesel: 20.7 ML supply of 24.5 ML target • Gasoline: 21.0 ML supply of 26.8 ML target

Kerosene: 11.0 ML supply of 14.6 ML target

• LPG: 4,724 tons supply of 5,100 tons target

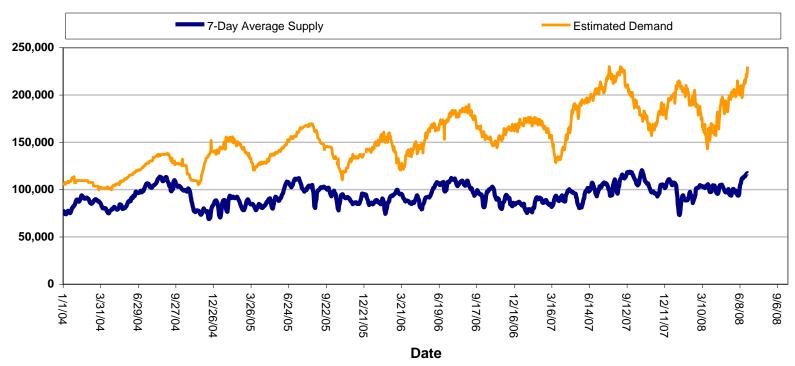
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# **ECONOMIC – Electricity**



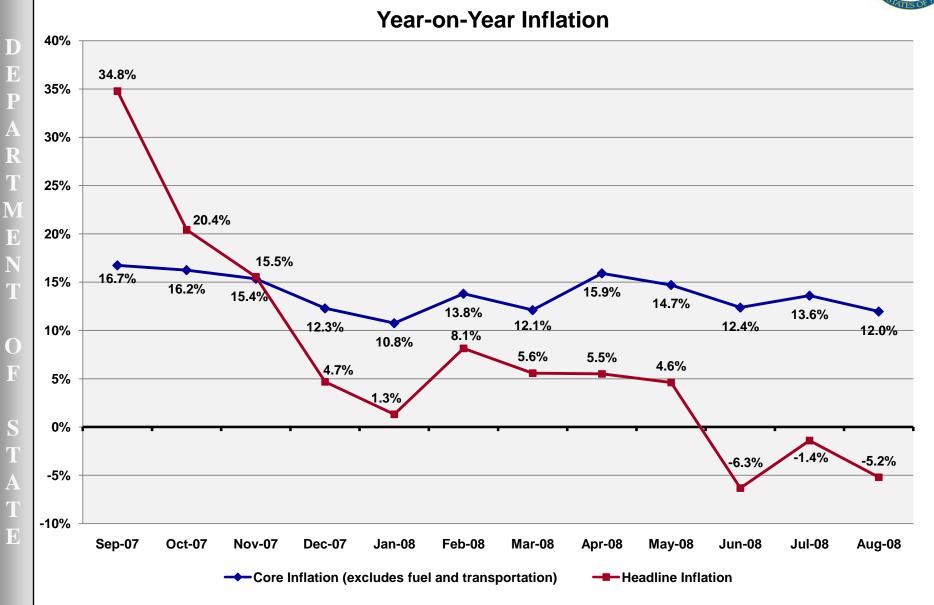




- Daily electricity demand September 30 October 6 was 5% above the same period last year.
   Daily supply from the grid was 11% above the year-earlier period and met 65% of demand, compared with 55% for the year-earlier period.
- For September 29 October 5 average hours of power from the grid after meeting demand from essential services were Baghdad: 15.7 and national 14.6 Year-ago levels were Baghdad 6.7 and national 11.9.

### **ECONOMIC – Economic Indicators**





# **ECONOMIC – Economic Indicators**

Economic Indicator	This Week	Last Week	Last Month	Last Year			
Iraqi Commercial Bond Sales							
Price (USD)	\$65.96	\$66.86	\$70.24	\$62.82			
Yield	9.75%	9.60%	9.11%	10.16%			
Central Bank's USD Currency Auction							
USD Sold	\$73,823	\$74,634	\$87,039	\$66,957,492			
NID Exchange Rate	\$1,179	\$1,179	\$1,180	\$1,254			
Total Employed by USG Programs							
	116,475	120,179	122,788	N/A			

# **ECONOMIC - Iraq Relief and Reconstruction Fund (IRRF) 1 and 2**

Sector\Status	Committed		Obligated			Disbursed					
(Millions of USD)	Allocated	Un- allocated	Last Week	Current	Change	Last Week	Current	Change	Last Week	Current	Change
Security and Law	\$4,960	\$17	\$4,937	\$4,937	\$0	\$4,937	\$4,937	\$0	\$4,869	\$4,869	\$0
Justice and Civil Society	\$2,299	\$20	\$2,263	\$2,263	\$0	\$2,262	\$2,262	\$0	\$2,179	\$2,181	\$1
Electricity Sector	\$4,178	\$36	\$4,066	\$4,066	\$0	\$4,066	\$4,066	\$0	\$3,935	\$3,935	\$0
Oil Infrastructure	\$1,717	\$7	\$1,608	\$1,608	\$0	\$1,608	\$1,608	\$0	\$1,581	\$1,581	\$0
Water and Sanitation	\$2,054	\$21	\$1,980	\$1,983	\$3	\$1,980	\$1,980	\$0	\$1,845	\$1,846	\$1
Transportation and Comm\	\$462	\$2	\$459	\$459	\$0	\$459	\$459	\$0	\$421	\$421	.\$0
Roads, Bridges and Const\	\$320	\$8	\$282	\$282	\$0	\$282	\$282	\$0	\$258	\$258	\$0
Health Care	\$810	\$9	\$793	\$793	\$0	\$793	\$793	\$0	\$744	\$744	\$1
Private Sector Development	\$838	\$1	\$820	\$820	\$0	\$820	\$820	\$0	\$814	\$814	\$0
Edu Refugees, Human Rights	\$470	\$0	\$436	\$436	\$0	\$435	\$435	\$0	\$409	\$409	\$0
Admin Expense (USAID,DoS)	\$220	\$0	\$218	\$218	\$0	\$218	\$218	\$0	\$208	\$208	\$0
Rescission	\$0	-\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total IRRF II	\$18,328	\$71	\$17,862	\$17,864	\$3	\$17,860	\$17,859	\$0	\$17,263	\$17,267	\$4
IRRF II Non-Construction	-	-	\$7,972	\$7,972	\$0	\$7,970	\$7,970	\$0	\$7,770	\$7,770	\$0
IRRF II Construction	-	-	\$9,370	\$9,373	\$3	\$9,370	\$9,370	\$0	\$8,975	\$8,979	\$4
IRRF II Overhead	-	-	\$520	\$520	\$0	\$520	\$520	\$0	\$517	\$517	\$0
Total IRRF I	\$2,475	\$0	\$2,291	\$2,291	\$0	\$2,232	\$2,232	\$0	\$2,139	\$2,139	\$0
Grand Total IRRF I & II	\$20,803	\$71	\$20,153	\$20,155	\$3	\$20,092	\$20,092	\$0	\$19,402	\$19,406	\$4

Data as of the 9th of October 2008

Apportion amounts reflect those of the latest Executive Office of the President Report, published by the Office of Management and Budget. Committed, obligated and disbursed amounts reflect last numbers reported by each agency.

# **DIPLOMATIC** – Political Engagement



### **UAE Crown Prince Visits Baghdad:**

Crown Prince Sheikh Mohammed bin Zayed al-Nahayan paid an unannounced visit to Iraq on October 7 aimed at "confirming our total support" for Iraq, he said. Accompanying the Crown Prince were the UAE Defense and Interior Ministers. During the visit, Maliki noted that the UAE was looking for a location to build a new embassy. "This visit is an important step in developing and enhancing relations with the brother state, the UAE, especially in political, economic, and commercial fields," Maliki was quoted as saying in a government statement.

### <u>Arab League Ambassador Arrives in Baghdad:</u>

• Following an absence of some 21 months, the new Arab League Ambassador to Iraq, Hani Khalaf, arrived in Baghdad on October 6. The previous Arab league Ambassador left his post in January 2007, reportedly complaining of a lack of Arab support to the GOI. Khalaf, an Egyptian diplomat, expressed his willingness to support Iraqi reconciliation and said, "we need a more active Arab role in Iraq." Iraqi politicians told reporters they welcomed the arrival of the new ambassador and looked forward to the Arab League taking on a greater role.

# **DIPLOMATIC** – Political Engagement



### **Egyptian FM Visits Baghdad**:

• In the first such visit since 1990, Egyptian Foreign Minister Ahmed Aboul-Gheit met with FM Zebari and other Iraqi leaders in Baghdad on October 5. The leaders discussed the possibility of opening a new Egyptian embassy in Baghdad and Egyptian-Iraqi oil sector cooperation. FM Aboul-Gheit cited the assassination of an Egyptian diplomat in 2005 as the reason for the delay in reopening an Egyptian embassy. "Egypt has lost a good citizen in Iraqi land. This has kept us a little bit away on the official level," he said at a joint news conference with Zebari. Foreign Minister Zebari praised the Egyptian delegation for the visit and stated the visit "shows Egypt's interest in communicating with Iraq and boosting the historical relations between the two countries."

### **DIPLOMATIC – Coalition Contributors**



# 23 Countries with forces in Iraq (including US)

Albania Czech Republic Kazakhstan Poland

Australia Denmark Korea Romania

Azerbaijan El Salvador Latvia Tonga

Bosnia-Herzegovina Estonia Lithuania Ukraine

Bulgaria Georgia Macedonia United Kingdom

Japan Moldova

TOTAL ~ 6,850 Forces

# 29 Countries and NATO\*

(including the US)

**Support Iraqi Stability Operations** 

\*29 includes the US, the 22 countries listed above, and six non-MNF-I countries: Hungary, Italy, Netherlands, Portugal, Slovenia, Turkey Note: Fiji and New Zealand, participating as a part of the UN Assistance Mission in Iraq (UNAMI), are not included.

<sup>\*</sup>Information current as of October 7, 2008.

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### **CONTACT INFORMATION**

- This brief draws from multiple sources. References are cited on the following pages.
- Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov

# NOTES AND SOURCE CITATIONS (1 of 2)



#### Slide 4:

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- http://www.nytimes.com/2008/10/07/world/middleeast/07iraq.html?partner=rssnyt&emc=rss; NEA/I/Pol staff; Embassy

#### Slide 5-6:

Department of State, NEA/I Political Section, NEA-I-POL-DL@State.gov

#### Slide 7:

- MNFI Press Release- http://www.mnf-iraq.com/index.php?option=com\_content&task=view&id=22794&Itemid=128
- American Forces Press Service- http://www.defenselink.mil/news/newsarticle.aspx?id=51392

#### Slide 8:

- MNFI Press Release- http://www.mnf-iraq.com/index.php?option=com\_content&task=view&id=22734&Itemid=110
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#### Slide 10:

DoD Input to Iraq Weekly Status Report October 08, 2008

#### Slide 11:

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- Business Intelligence Middle East, October 5 http://www.bi-me.com/main.php?id=25194&t=1&c=17&cg=3&mset=1031

#### Slide 13:

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#### Slide 14:

Aswat al Iraq, October 7 - http://www.aswataliraq.info/look/english/article.tpl?IdLanguage=1&IdPublication=4&NrArticle=95656&NrIssue=2&NrSection=2

# NOTES AND SOURCE CITATIONS (2 of 2)



#### Slide 15-17:

Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

#### Slide 18:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov
- The chart shows average daily power production in megawatt hours (MWh). 120,000 MWh goal equates to 20 hours at 6000 MW average supplied load or 24 hours at 5000 MW average supply load.

#### Slide 19:

Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

#### Slide 20:

Derived from Multiple Sources. (ITAO IMU Essential Indicators Report, Baghdad, 09 October 2008) (Bloomberg) (Central Bank of Iraq, Foreign Exchange Auction, CBiraq.org) (http://www.cbiraq.org/C.B.I.%20FOREIGN% 20EXCHANGE%20AUCTIONS.pdf)

#### Slide 21:

ITAO IMU Essential Indicators Report, Baghdad, 09 October 2008.

#### Slide 22:

- AP, http://afp.google.com/article/ALeqM5gjgadSc-kuS-HHZIGWL90d-XeZDw and NEA/I/Pol Staff
- The Washington Post, http://www.washingtonpost.com/wp-dyn/content/article/2008/10/06/AR2008100601145.html

#### Slide 23:

Fox News, http://www.foxnews.com/story/0,2933,432877,00.html and NEA/I/Pol Staff

#### Slide 24:

DOD Input to Weekly Status Report, updated October 08, 2008